

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

UNITED STATES OF AMERICA,)	Civil No. 08-5348 (ADM/JSM)
)	
Plaintiff,)	
)	
vs.)	STIPULATION FOR THE
)	APPROVAL OF THE SALE OF
THOMAS J. PETTERS, et al.,)	POLAROID LABS, LLC'S
)	PATENT APPLICATIONS
Defendants.)	
)	

This Stipulation is entered into on this 19 day of November, 2009, by and among the Plaintiff United States of America ("Government") and Douglas A. Kelley ("Receiver").

RECITALS:

WHEREAS, the Government commenced the above-entitled action in the United States District Court for the District of Minnesota against Thomas Joseph Petters and several other named defendants, for the purpose of obtaining a temporary restraining order, preliminary and permanent injunction, and other equitable relief to enjoin the alienation and disposition of property derived from the commission of fraud for the purpose of preventing a continuing and substantial injury to the Government, the State of Minnesota, and the public.

WHEREAS, pursuant to a certain Second Amended Order for Entry of Preliminary Injunction, Appointment of Receiver, and Other Equitable Relief dated

December 8, 2008 (the “Receivership Order”), the Receiver has been appointed by the United States District Court for the District of Minnesota to administer the receivership assets.

WHEREAS, Polaroid Labs, LLC (“Polaroid Labs”), which is not in bankruptcy, is a wholly owned subsidiary of Defendant Petters Group Worldwide (“PGW”). Among its assets are three patent applications (“the Applications”) related to a browser-less navigation and program guides for user interface on digital media devices. The Applications include the following:

- Serial No. 11/971,040, “Household Network Incorporating Secure Set-Top Devices;”
- Serial No. 11/649,331, “Digital Consent Delivery Via Virtual Private Swarming Network (VPSN) Incorporating Secured Set-top Devices;”and
- Serial No. 11/649,351, “Ubiquitous Navbar User Interface Across Multiple Heterogeneous Digital Media Devices.”

WHEREAS, at the request of Receiver the value of the Applications has been analyzed by FTI whose analysis concluded that the Applications have little stand alone value and are most marketable as a portfolio. Some value might be obtained by grouping the Applications with other PGW intellectual property and auctioning the group through auction houses such as Ocean Tomo or IP Auctions. Counsel for the Receiver approached Ocean Tomo and IP Auctions asking each to present a proposal regarding selling PGW intellectual property, including the Polaroid Labs’ Applications. Ocean Tomo and IP Auctions declined to provide a proposal for selling the intellectual property as a group in whole or in part, stating that the value was negligible and significant legal issues existed. There further does not appear to be any clear market at this time since the technology currently has little, if any, commercial application, no license agreements and

no income stream. The value of at least one Application may have recently increased because the United States Patent and Trademark Office provided a Notice of Allowance for it : i.e., Serial No. 11/649,351, the Ubiquitous Navbar User Interface Across Multiple Heterogeneous Digital Media Devices (“Application 351”). However, there are significant ongoing costs associated with maintaining and further developing or prosecuting Application 351 and/or the other Applications in their entirety. In addition, the technology risks becoming stale in light of the rapid development of technology in this field.

WHEREAS, FTI recommended that the highest value for the Applications would be obtained by selling the Applications as a unit. Neither Ocean Tomo, IP Auctions nor any private party expressed interest in purchasing the Applications, except Barrett Morgan (“Morgan”). The Receiver authorized negotiations with Morgan, who as the inventor of the technology, had developed the technology and is currently CEO of Teleportall, LLC (“Teleportall”). Morgan and Teleportall have shown interest in purchasing the rights to the technology but initially made nominal offers to purchase the Applications. However, after the Notice of Allowance issued for Application 351, which indicated the patent would be granted, negotiations with Morgan were renewed. As a result of these negotiations, Teleportall, on August 20, 2009, offered to purchase the Applications for \$40,000.00 without representations or warranties by Polaroid Labs. *See* attached Patent Application Purchase Agreement, Exhibit 1.

WHEREAS, a sale of the Applications to Teleportall is an arms-length transaction between two unrelated entities. Teleportall is not affiliated or associated in any way with Polaroid Labs, or any other entity owned or controlled by PGW or any other defendant.

WHEREAS, Mark Eaton of FTI has reviewed the proposed transaction and opined

that it is reasonable and the best current market value for the Receiver to sell the Patents to Teleportall as negotiated. Eaton also stated that it does not appear to be cost beneficial to incur further costs evaluating the patents or their potential value. The consensus is that there is little or no market for the Applications other than to Morgan and/or Teleportall and the Teleportall offer is reasonable under the circumstances. Delaying and developing the remaining applications in hopes of obtaining a higher price would involve significant costs to the receivership with no guarantee of success.

THEREFORE, the Government and the Receiver hereby stipulate to the approval of the sale of Polaroid Labs patent applications

- Serial No. 11/971,040, “Household Network Incorporating Secure Set-Top Devices,”
- Serial No. 11/649,331, “Digital Consent Delivery Via Virtual Private Swarming Network (VPSN) Incorporating Secured Set-top Devices, and
- Serial No. 11/649,351, “Ubiquitous Navbar User Interface Across Multiple Heterogeneous Digital Media Devices”

to Teleportall, LLC without any representations or warranties.

Date: 10/22/09

B. TODD JONES
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RECEIVER FOR POLAROID LABS, LLC